

STAND. COM. REP. NO. 433

Honolulu, Hawaii

FEB 19 2021

RE: S.B. No. 86
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2021
State of Hawaii

Sir:

Your Committee on Hawaiian Affairs, to which was referred
S.B. No. 86, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO HAWAIIAN AFFAIRS,"

begs leave to report as follows:

The purpose and intent of this measure is to allow the
Department of Hawaiian Home Lands to operate medical cannabis
dispensaries in addition to the dispensaries operated under eight
medical cannabis dispensary licenses issued by the Department of
Health.

Your Committee received testimony in opposition to this
measure from Kūpuna for the Mo'opuna and one individual. Your
Committee received comments on this measure from the Department of
the Attorney General, Department of Health, and Department of
Hawaiian Home Lands.

Your Committee finds that Act 241, Session Laws of Hawaii
2015, allowed for the Department of Health to begin administering
the Medical Cannabis Dispensaries Program in 2016 to oversee
laboratories that test the safety and quality of cannabis and
manufactured cannabis products and monitor the dispensaries that
make medicinal products readily available for registered patients
while balancing the health and safety of patients and the public.
As more states have legalized medicinal and recreational cannabis
use, an increasing number of tribes have become involved in the



cannabis industry in creating financially viable opportunities for economic development and job opportunities.

Your Committee finds that the Department of Hawaiian Home Lands prepared a draft legislative proposal that would require the Department of Health to issue eight additional dispensary licenses to the Department of Hawaiian Home Lands to expand the medical cannabis dispensary program administered by the Department of Health on Hawaiian Home Lands to allow for increased revenue for beneficiaries. Under the proposed program, only eight licenses would be issued statewide, which would limit competition and the opportunity for native Hawaiian communities to participate. The Department of Hawaiian Home Lands also envisioned the proposal to further its utilization of agricultural lands and diversification. However, the proposal did not have the support of the Hawaiian Homes Commission and the proposal was removed from the Department of Hawaiian Home Lands' 2021 legislative proposals.

Your Committee has heard the concerns from the Department of the Attorney General that cannabis is classified as a Schedule I substance under the federal Controlled Substances Act, which could classify the Department as an active participant in an enterprise that is illegal under federal criminal law. Additionally, it is a crime under federal anti-money laundering laws for financial institutions to engage in monetary transactions, including the sale of cannabis. These proceeds could adversely impact the State's ability to utilize banks and ability to receive federal grants. Your Committee has also heard the concerns of the Department of Health that it is unclear as to how the Department of Hawaiian Home Lands' operated dispensaries would work within the existing medical use of cannabis dispensary system. In particular, there are questions about whether the dispensaries are licensed by the Department of Health; whether qualifying patients would be allowed to make purchases from the Department of Hawaiian Home Lands; and how the Department of Hawaiian Home Lands operated dispensaries would ensure that patients remain within their dispensing limits.

Your Committee has amended this measure by:

- (1) Deleting its contents and inserting the draft proposal of the Department of Hawaiian Home Lands, which expands the medical cannabis dispensary program administered by



the Department of Health on Hawaiian Home Lands by eight additional licenses; and

- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Hawaiian Affairs that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 86, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 86, S.D. 2, and be referred to your Committees on Health and Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Hawaiian Affairs,



MAILE S.L. SHIMABUKURO, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Hawaiian Affairs
HWN

Bill / Resolution No.:* SB 86 SDI	Committee Referral: HWN, HTH/WAM	Date: 2/16/2021		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
SHIMABUKURO, Maile S.L. (C)	X			
KEOHOKALOLE, Jarrett (VC)	X			
ACASIO, Laura			X	
IHARA, Jr., Les		X		
FEVELLA, Kurt			X	
TOTAL	2	1	2	
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes